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SUBJECT: NIAMEY: AMBASSADOR MEETS WITH FINANCE MINISTER

¶1. (SBU) SUMMARY: Ambassador Allen, accompanied by Embassy Econ/ConsOff (notetaker), met with Ali Mahamane Lamine Zeine, Minister of Economy and Finance on May 8, 2009, at Zeine's request. He called attention to Niger's high growth rate in 2008 and expressed the Government of Niger's (GON) interest in attracting private sector investment from the U.S. In the context of the Ambassador's comments about U.S. plans to support coming Nigerien elections and public debate over constitutional provisions that limit the President to two terms, the Minister opined that the matter of mandates would have to be revisited at some point because the people of Niger had been forced to accept the current constitution "as is" when presented for consideration under the former military government.

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BILATERAL COOPERATION  
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¶2. (SBU) The Minister lauded the good bilateral relations between Niger and the U.S., including support in development and security issues. He said he follows press coverage of the Ambassador's travel throughout the country and her involvement with the people of Niger in activities ranging from schools to food security to sports events. He mentioned the U.S. Government "very efficient but discrete" assistance in the 2000 elections in warning governments of certain neighboring countries against interference.

¶3. (U) The Ambassador noted that the Embassy has been working to identify funding for assistance related to the elections due later this year. With regard to the ongoing assistance provided by the U.S. Department of Treasury Office of Technical Assistance (OTA), the Ambassador noted that GON had not yet signed the Terms of Reference (TOR), putting the project at risk in potential budget cuts. The Minister responded by signing the TOR on the spot and returned both the French and English copies during the meeting.

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ECONOMIC CONDITIONS IN NIGER  
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¶4. (U) The Minister welcomed the opportunity to provide an overview of the economic situation in Niger, and stated that Niger's 2008 economic growth of 9.5 percent was the highest in Africa. He attributed this to three major factors: an exceptional harvest due to prolonged good rains; strong public and private investment, including foreign investment in telecoms, energy and mining; and the good state of public finances. He described several cases in which he had acted to reduce corruption in government procurement, and attributed fiscal health to better control of public spending coupled with increased revenues. Thanks in part to the success of the OTA project, tax receipts were 113 percent of anticipated amounts, and customs revenue was also above budget. Still, there are large challenges ahead: to continue progress on investment, especially industrial investment; and to address societal demands for higher income.

¶5. (U) The Minister noted public debate and questions about the exceptional income from the petroleum contract signed with the Chinese, confirming that over CFA 204 billion had been deposited in the treasury general fund as a result of the Chinese "signing bonus." He attributed the difference between the original amount anticipated and the actual amount deposited to exchange rate fluctuations between the announcement of the bonus and the day it was actually received, but insisted all the funds were used to fund increases across the budget. Similarly, he stated that revenue from the mining sector, totaling CFA 50 billion, has been deposited in the general fund and applied to regular spending. The Minister noted three ongoing projects that are critical to maintaining economic growth: the auxiliary development plan financed by the EU; US financial support through the Millennium Challenge Account (MCA) mechanism, and the dam at Kandadji under construction with funding from Saudi Arabia and the United Arab Emirates. He stated that the potential contribution of these three activities is more certain than that of uranium or oil.

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QUEST FOR U.S. INVESTMENT  
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¶6. (SBU) The Minister asked for assistance in attracting private sector investment from the U.S., noting that promising areas include agriculture, small engineering, livestock, tourism and handicrafts, and mining. He added that the government sees France and China as long term partners, but it is essential to balance them with investment from other sources. The Ambassador mentioned that the Embassy of Niger in Washington DC should work on more visibility for Niger in the U.S., do more to sell Niger to attract potential American investors. She commented

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on the importance of security for investors, including economic stability, an impartial legal system, and transparency. She added it would be helpful for the government to maintain an active website to help inform potential investors of Niger's potential. The Minister agreed on that point and responded that his Ministry is working on such a website. On the issue of press freedom, the Minister responded that GON actions were directed only at those who made false and misleading allegations.

¶7. (U) The Minister concluded the meeting by noting the government's struggle to identify new sources of income, such a US\$ 10 million grant from the EU for capacity building, in order to provide the government with badly needed skills in all areas of administration. He expressed his confidence that the people of Niger will prevail over the economic challenges they face.

ALLEN